

8 December 1982

MEMORANDUM FOR THE RECORD

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1. On 7 December 1982, DC/IB met with [] Agency Collections Officer and [] regarding the handling of health benefits premium charges for individuals on LWOP pending a decision on disability retirement. Payroll was not aware of the provision of FPM Ltr 890-30 as follows:

Retirement or Workers Compensation Cases

Employees who remain covered for health benefits are responsible for payment of the employee share of the cost of coverage. When an individual applies for disability retirement or workers' compensation benefits, the annuity or compensation is generally payable from the day following the last day of pay. If the enrollee is eligible to continue coverage during receipt of annuity or compensation, the appropriate employee share is withheld from the benefits retroactive to the beginning date of the payments.

2. Therefore, if an employee's application for annuity or compensation is approved, the amounts due for health benefits are withheld from these benefits. If the employee has not made direct payments to the agency for the same period for which health benefits withholdings are made, no action is necessary by the former employing agency. If the employee paid directly to the agency for coverage during nonpay status (for which withholdings from benefits are to be made), those amounts should be refunded to the employee by the employing agency in order to avoid double payments by the employee covering the same period. In retirement cases, the employing office should refund the amounts received directly from the employee for periods after the last day of pay because these periods will, except in the case noted below, be covered by withholdings from annuity. However, the agency should not make a refund for all periods of nonpay status after the last day of pay when the employee's annuity will not begin until a later date. This occurs when the employee does not meet the requirements for an annuity on the day after the last day of pay, such as when the employee has not completed five years of civilian service until a later date. The employing agency should refund amounts received directly from an employee when it receives OPM's approval form for disability retirement applications, BRI 46-48, unless the agency does not have sufficient information on file to determine that all periods of nonpay status after the last day of pay will be covered by withholdings from annuity. If this agency is unable to determine the

period to be covered by a refund of premiums, a request for verification of the correct period for which annuity withholdings will be made should be requested by letter attached to the documents transferring the employee's health benefits to OPM. In workers' compensation cases, the employing agency should receive verification from the Office of Workers' Compensation Program of the date for which health benefits premiums have been withheld from benefits before refunding any amounts paid directly to the agency.

Therefore, individuals who did not make interim payments while on LWOP probably did not owe the Agency funds and the Agency would recoup funds incorrectly paid to the carriers through OPM for the individual by deducting the appropriate values from the Agency's next payment to the carriers.

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LWOP file